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1                   UNITED STATES DISTRICT COURT  
 2                   EASTERN DISTRICT OF PENNSYLVANIA

3                   NATIONAL HEALTHCARE SERVICES, : CIVIL ACTION  
 4                   INC.,                                 :  
 5                   Plaintiff,                         : NO. 02-CV-3600  
 6   : (MM)  
 7                   VS.                                 :  
 8   :  
 9                   PENN TREATY AMERICAN                 :  
 10                   CORPORATION, et al.,                 :  
 11                   Defendants.                         :  
 12   -----x

13   Videotaped deposition of  
 14   MICHAEL J. CALLAHAN, held at the law  
 15   offices of BALLARD, SPAHR, ANDREWS &  
 16   INGERSOLL, LLP, 1735 Market Street, 51st  
 17   Floor, Philadelphia, Pennsylvania 19103,  
 18   on Wednesday, October 15, 2003, beginning  
 19   at 9:09 a.m., before Debra J. Weaver, a  
 20   Federally Approved Registered  
 21   Professional Reporter, Certified Realtime  
 22   Reporter and Certified Shorthand Reporter  
 23   of NJ (No. XI 01614) and Delaware (No.  
 24   138-RPR, Expiration 1/13/05).

25                   Job No: 153616



COPY

1 Q. And the subject is, as I  
2 read before, AllRisk fulfillment  
3 communications problems, causes and  
4 solutions; is that right?

5 A. Is that what the subject is?

6 Q. Well, the top line of the  
7 e-mail.

8 A. Oh, yes, ma'am.

9 Q. Okay. And at or about this  
10 time, October 2000, what was your  
11 understanding of AllRisk's fulfillment  
12 communication problems?

13 A. I don't recall what my  
14 understanding was at that time.

15 Q. Okay. Do you recall reading  
16 this e-mail?

17 A. Not really, no.

18 Q. Is it your custom and  
19 practice to read e-mails that you get?

20 A. Yes, ma'am.

21 Q. So do you have any reason to  
22 doubt that you read this e-mail at or  
23 about the date that you received it?

24 A. I don't have any reason to

1 doubt that I read it, no.

2 Q. Do you have any  
3 understanding as to why you were a cc on  
4 this e-mail?

5 A. Yes, Web Barth was  
6 attempting to get me into the  
7 Copperfields loop of what was going on.

8 Q. What do you mean by "into  
9 the Copperfields loop of what was going  
10 on"?

11 A. What was going on with the  
12 AllRisk program. And by that time I had  
13 agreed to give Web some money for an  
14 interest in Copperfields, and he started  
15 putting me in the information loop so I  
16 could, you know, see what's going on with  
17 the company.

18 Q. And AllRisk was also the  
19 business of National Healthcare, wasn't  
20 it?

21 MR. RIVERA-SOTO: Objection  
22 to the form.

23 MS. SPECTOR: You can  
24 answer.

1 break.

2 MS. SPECTOR: Okay.

3 THE VIDEOGRAPHER: Stand by.

4 The time is 3:57 p.m. Off the  
5 record.

6 (Off the record.)

7 THE VIDEOGRAPHER: The time  
8 is 4:00 p.m. We are back on the  
9 record.

10 BY MR. RIVERA-SOTO:

11 Q. Mr. Callahan, are you now or  
12 have you ever been an officer of National  
13 Healthcare Services?

14 A. No.

15 Q. Are you now or have you ever  
16 been a director of National Healthcare  
17 Services?

18 A. No.

19 Q. Are you now or have you ever  
20 been in management charge of National  
21 Healthcare Services?

22 MS. SPECTOR: Objection.

23 THE WITNESS: No.

24 BY MR. RIVERA-SOTO:

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1 Q. Have you at any time  
2 communicated to anyone at Penn Treaty  
3 that you are either an officer, director  
4 or in management charge of National  
5 Healthcare Services?

6 MS. SPECTOR: Objection.

7 THE WITNESS: No.

8 BY MR. RIVERA-SOTO:

9 Q. Has anyone at Penn Treaty  
10 ever asked you if you are an officer,  
11 director or in management charge of  
12 National Healthcare Services?

13 A. No.

14 Q. To your knowledge, has Penn  
15 Treaty ever asked anybody whether you  
16 were an officer, director or in  
17 management charge of National Healthcare  
18 Services?

19 MS. SPECTOR: Objection.

20 THE WITNESS: Not to my  
21 knowledge, no.

22 BY MR. RIVERA-SOTO:

23 Q. To your knowledge, did you  
24 ever represent to anybody -- not to your